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Global Agricultural Information Network

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Spain
Exporter Guide
2013

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Report Highlights:
In Fiscal Year (FY) 2013, Spain imported $1.88 billion of agricultural, fish and forest products from the United States, up 74 percent compared to the previous year and the highest import figure on record. Spain is slowly emerging from the economic crisis and in 2014 Spain is expected to return to positive economic growth, albeit at a very low rate. The dynamic Spanish market offers opportunities for certain consumer-oriented food items, as well as long-term prospects for other products. This report provides guidance to U.S. companies interested in exporting high-value consumer-ready food products to Spain and includes an overview of the country's economic situation, market structure, and export requirements.

Executive Summary:

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APPENDIX – STATISTICS

SECTION I. MARKET OVERVIEW

ECONOMIC TRENDS

AGRICULTURAL PRODUCTS IMPORTS ($ Million)						
	2009	**2010**	**2011**	**2012**	**2013***	**2014****
Total Agricultural, Fish and Forestry Products	33,005	34,218	40,076	36,998	37,000	39,000
Total U.S. Agricultural, Fish and Forestry Products	951	1,318	1,526	1,290	2,000	2,500
Total Food Products	31,887	32,559	38,061	35,769	36,000	38,000
Total U.S. Food Products	910	1,322	1,536	1,306	1,500	1,600
Total Fish and Seafood Products	5,873	6,412	7,190	6,156	6,500	7,000
Total U.S. Fish and Seafood Products	103	113	122	110	110	115

(1) Global Trade Atlas (www.gtis.com)

(*) Estimate

(**) Forecast

The medium-term outlook for the Spanish economy remains uncertain, but 2013 is expected to end as another difficult year due to the continuation of the economic crisis. According to the latest data published by the International Monetary Fund, the economic recession is expected to continue with negative growth forecast for 2013 despite positive growth in the third quarter. In 2014, Spain is expected to return to positive economic growth, although at a very low rate. The unsustainable unemployment figures expected for 2013 and the country's high public deficit – resulting in more austerity measures and tax hikes - have taken a toll on the domestic economy. Spain's recovery has been so far one of the weakest in the European Union.

Discount retailers and other lower-price outlets are making the most of the recession as a growing number of consumers have become increasingly price-sensitive. Changes in Spain's domestic market regulations, including more liberal Sunday shopping laws, are intended to give a boost to slow retail sales.

Spain has a diversified distribution structure for food products, ranging from traditional distribution methods -- whereby wholesalers sell to small shops that cater directly to the public -- to large multinational supermarkets and retail stores. Department stores, hypermarkets, shopping centers and very specialized outlets are introducing the customer fidelity concept, which usually involves issuing client cards, cumulative discounts and special offers for frequent customers. Innovative sales techniques are becoming increasingly popular. Vending machines have spread throughout Spain over the past decade. Direct marketing by mail order, telephone, TV or e-commerce is growing considerably.

The European Union (EU) establishes the rules and regulations governing acceptable sanitary, phytosanitary, general trade, and labeling practices in Spain. As a result, U.S. exporters already exporting to other EU countries most likely already know and can meet most of the requirements for exporting to Spain. The key for a U.S. exporter wishing to enter this market is to find an agent or distributor, or to establish a subsidiary. An experienced representative in Spain will likely be familiar with all the different consumption patterns and preferences in each of the country's 17 autonomous regions.

The Office of Agricultural Affairs in Madrid is dedicated to helping U.S. food and agricultural product exporters access the Spanish market. Please contact us at:

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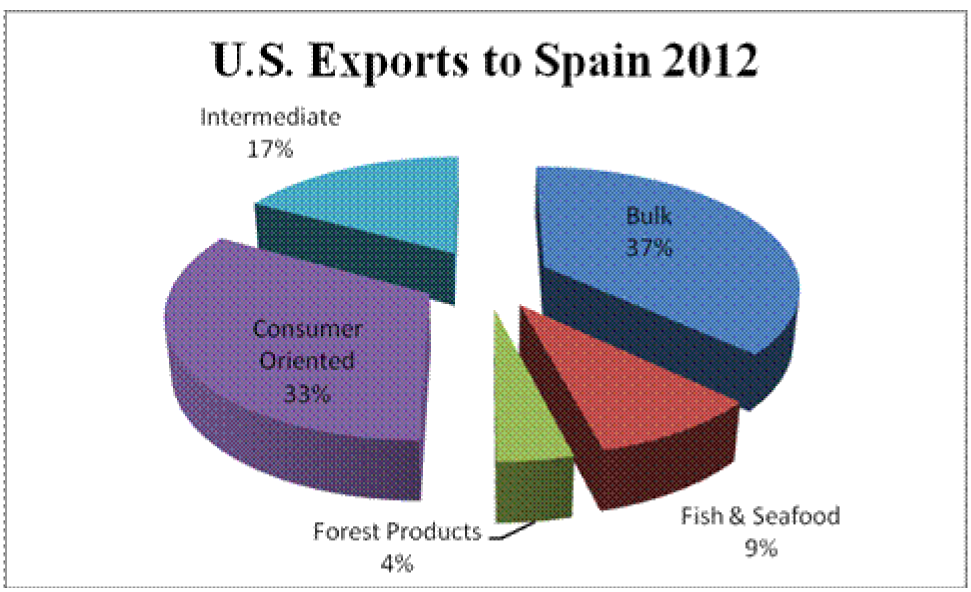
ADVANTAGES AND CHALLENGES FACING U.S. PRODUCTS IN SPAIN

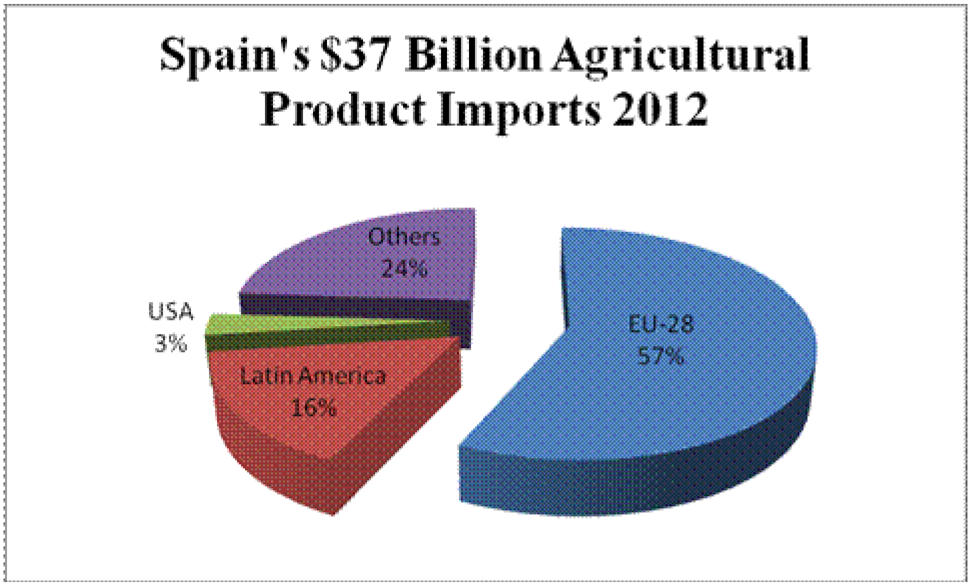
Advantages	Challenges
Spain's food industry relies on imported ingredients, many from the United States	Spain's financial situation has two main effects on retail: reduced domestic demand and lack of credit for companies.
Tourism is a strong and ever-growing sector that provides retail, food and drink sales.	Lack of consumer awareness of U.S. brands and varieties of U.S. products.
Good overall image and reputation of U.S. products.	Competition from neighboring EU countries, where tastes and traditional products may be well known.
Good network of agents and importers to help get product into the market.	U.S. exports face higher transportation costs and difficulties in shipping mixed or smaller container loads.
Consumers are increasingly health conscious, demanding products not sufficiently present in the market.	EU labeling, traceability, and packaging laws.
Distribution structure is modern and many companies cover both Spain and Portugal.	Import tariffs impose a price disadvantage on non-EU based companies.

Spanish Market for U.S. Agricultural Products



SOURCE: Global Trade Atlas

Competition within Spain's Food and Agricultural Product Import Market



SOURCE: Global Trade Atlas

SECTION II. BUSINESS TIPS FOR EXPORTERS

Local Business Customs

Success in introducing your product to the Spanish market depends on acquiring local representation and personal contacts. The advantages of local representation include market knowledge, up-to-date information and guidance on business practices and trade law, sales contacts, and market development expertise.

Spain has a number of sales channels ranging from traditional distribution methods – whereby wholesalers sell to small retail shops that sell to the public -- to large multinational supermarkets and retail stores. However, personal relationships are still very important, especially within smaller organizations. There is no substitute for face-to-face meetings with Spanish business representatives in order to break into this market.

The decision-making process within a Spanish company may be different from that in the United States. An initial "yes" usually means that the company will study the situation, and not necessarily that they will buy the product. Once a deal is struck, the Spanish company will likely expect the U.S. firm to translate into Spanish all commercial brochures, technical specifications and other relevant marketing materials. Decision makers at Spanish firms may speak English, but paperwork should be in Spanish.

The Spanish market is composed of a number of regional markets serviced by two major hubs, Madrid and Barcelona. The vast majority of agents, distributors, foreign subsidiaries and government-controlled entities that make up the economic power block of the country operate in these two hubs. Dealers, branch offices, and government offices found outside these two hubs will almost invariably obtain their supplies from their Madrid and Barcelona contacts rather than engage in direct importation.

Market Entry Strategies

Market entry strategies for U.S. products intending to enter the Spanish market should include:

- Market research in order to assess product opportunities
- Advanced calculations of the cost of introducing the product in the Spanish market, in order to proove its competitiveness in the local market.
- Identify an experienced distributor or independent reliable agent to advise on import duties, sanitary regulations and labeling requirements.
- Explore purchasing arrangements of the larger retail channels.

General Consumer Tastes and Preferences

The recession is certainly shifting some consumer habits. Many households have some or all members of the family that are unemployed and which are increasingly paying attention to unit price as the key variable when making their purchasing decisions. There are those who still have a job and continue to benefit from lower prices and the option to purchase certain products at substantial discounts, especially gourmet and premium product lines. There is also a new type of consumer that is emerging and more consumers are becoming what are known as ‘hybrid consumers’. These are customers who buy less medium quality products and tend to buy the cheaper options for basic daily products. With the money saved, these consumers like to opt for premium/gourmet products that have emotional or social importance for them. That is, consumers are becoming polarized in their decision making.

According to the Consumer Confidence Index (CCI) published in September 2013 by the Centre for Sociological Research (CIS), consumer confidence shows some improvement compared to last year. During the third quarter 2012, this index reached its lowest historical levels. Since then and through the third quarter 2013 this index has seen a sustained recovery. The CCI is monthly assessment of recent developments and expectations of Spanish consumers related to family finances and employment used to anticipate their consumption decisions. The economic expectations, the rate of unemployment, available family incomes and inflation are important factors affecting this index and affecting consumer spending. According to the latest survey, consumers are slowly recovering confidence.

Some leading retail chains offer an increasing number of new and innovative services intending to soften the impact of the recession affecting their sales. As consumers are more price-sensitive, store brands are becoming more popular, offering better value than branded products.

Food Standards and Regulations

For more information on food standards and regulations, please consult the Food and Agricultural Import Regulations and Standards Report (FAIRS) and the FAIRS Export Certificate Report for the EU and Spain.

Also, please check the U.S. Mission to the European Union (USEU Mission) web page for helpful information on exporting U.S. food and agricultural products into the EU.

General Import and Inspection Procedures

Spain follows the Harmonized Nomenclature and Classification System (HS) and applies import duties according to a maximum and minimum rate schedule. The minimum tariff rate is applied to goods originating in countries entitled to the benefits of Most-Favored Nation treatment -- that is, members of the World Trade Organization (WTO), including the United States, and countries with which the EU has signed trade agreements. In some instances, Free Trade Agreements negotiated between the EU and other countries provide for tariff-free access to the European market – leaving U.S. exporters at a disadvantage. Currently, the European Union and the United States are negotiating an ambitious and comprehensive trade and investment agreement known as the Transatlantic Trade and Investment Partnership (TTIP). TTIP will offer benefits to both sides, increasing trade, creating jobs and promoting international competitiveness.

The local importer has primary responsibility with the Spanish Government for imported food products once they enter Spanish territory. Therefore, the Spanish agent/importer should guide the U.S. exporter through the entire process of marketing a U.S. food or agricultural product in Spain.

The following documents are required for ocean or air cargo shipments of food products into Spain:

- Bill of Lading and/or Airway Bill
- Commercial Invoice
- Phytosanitary Certificate and/or Health Certificate, when applicable
- Import Certificate

Most food products require an Import Certificate issued by the competent authority. The Import Certificate is obtained by the Spanish importer and/or the agent involved in the transaction and is intended for tariff classification purposes. Please keep in mind that if the product you are exporting into Spain does not comply with EU harmonized regulations, Spanish customs or health authorities may not allow entry of the product. For more information on import and inspection procedures in Spain, please see Food Standards and Regulations within this report.

SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

Food Retail Sector

The Spain retail food market is highly diversified. Hypermarkets/supermarkets, convenience stores, major discount stores and specialized stores coexist with traditional corner grocery stores and open-air markets. The total number of retail outlets decreased over the past decade and the consolidation of the retail food industry continues.

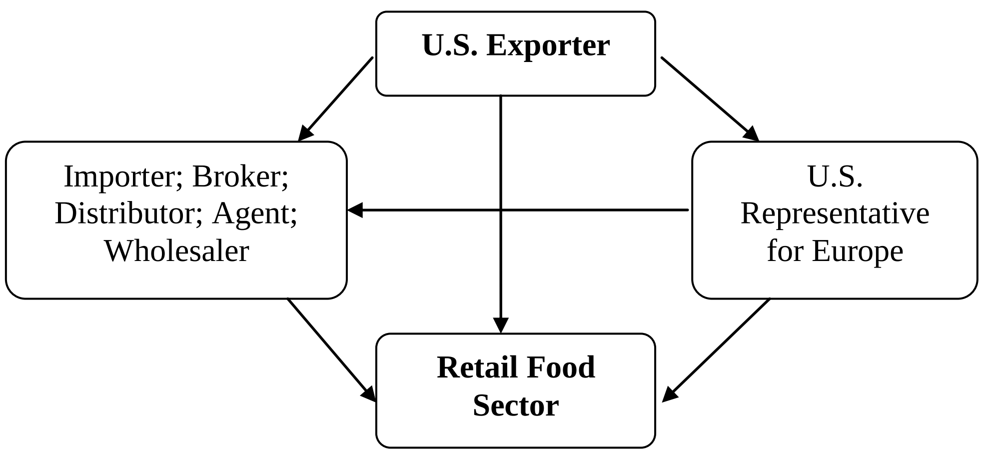
In Spain, hyper and supermarkets account for about 65 percent of total food sales.

- There is increasing competition in the scope and range of product offerings, including ready-to-eat and/or ready-to-cook foods, take away meals, and home delivery - and the prices and services retailers offer consumers.

- An increasing supply of imported products has intensified competition among suppliers and retailers.

- EU Member States are the primary suppliers of consumer-ready products to other EU countries.

Market Structure



For more information on the Spanish Retail Food Sector, please consult the retail sector reports for Spain at FAS GAIN Home.

HRI Sector

After a significant expansion during the mid 80's and 90's and into 2007, the HRI situation changed dramatically. From 2008 to 2012, the HRI sector was hard hit by the economic, real estate and financial crises. A figure to illustrate this fact: in that period of time, 50,000 bars closed down due to the lack of business. Despite the negative numbers, there are some positive news:

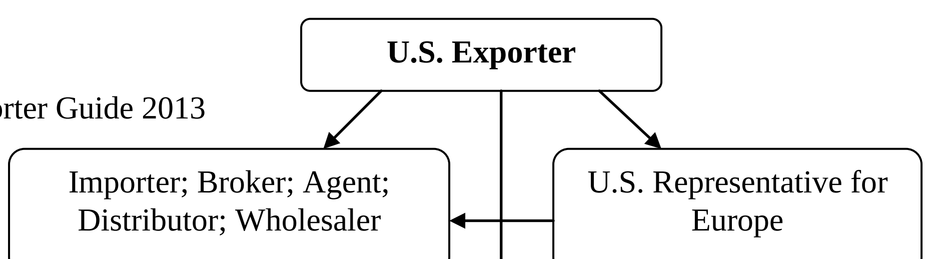
- Spain is one of the top tourism destinations in the world, with increasing numbers of tourists every year, boosting demand for meals in the HRI sector. Tourism, particularly foreign tourism, is one of the few sectors bringing optimism to the Spanish economy. According to the latest statistics published by the Ministry of Industry, Energy and Tourism, Spain received 8.3 million foreign visitors in August alone, 7.1 percent more than the same month in 2012. From January to August 2013, the number of visitors reached 42.3 million, a year-on-year increase of 4.5 percent. Only in the month of August 2013, foreign tourists spent 8.3 billion Euros, a 12.2 percent increase compared to August 2012. The markets that saw the main growth were the Nordic countries, Russia, the United Kingdom, France and Germany. Catalonia, the Balearic Islands, the Canary Islands and Andalucía were the leading tourist destinations in the first eight months of the current year.

- The average expenditure per tourist year-on-year rose by 4.7 percent and average daily expenditure was up 2.8 percent. The increase in tourism expenditure from January to August 2013 stands at 7.2 percent, reaching 40.5 billion Euros for the first time ever. This is good news for the HRI sector, since foreign demand compensates for the decline in national demand, due to the macroeconomic uncertainty and the high unemployment rate. National tourism demand has decreased both expenditure and demand of touristic services, food and drinks amongst them. The number of trips by residents went down 11.2 percent year-on-year according to the estimated data for May 2013.

- In Spain, in 2012, the HRI sector accounted for almost 33 percent of all food consumed. Expenditure per capita in the HRI sector decreased by 4.1 percent in 2012 compared to 2011.

- Due to Spain's high unemployment rate, it is expected that less people will be dining out of home, and those who go out, will look for cheaper establishments. The sector is looking for attractive and creative measures and more adjusted prices in order to keep consumers coming to their premises.

Market Structure



For more information on the Spanish HRI Sector, please consult the HRI sector reports for Spain at FAS GAIN Home.

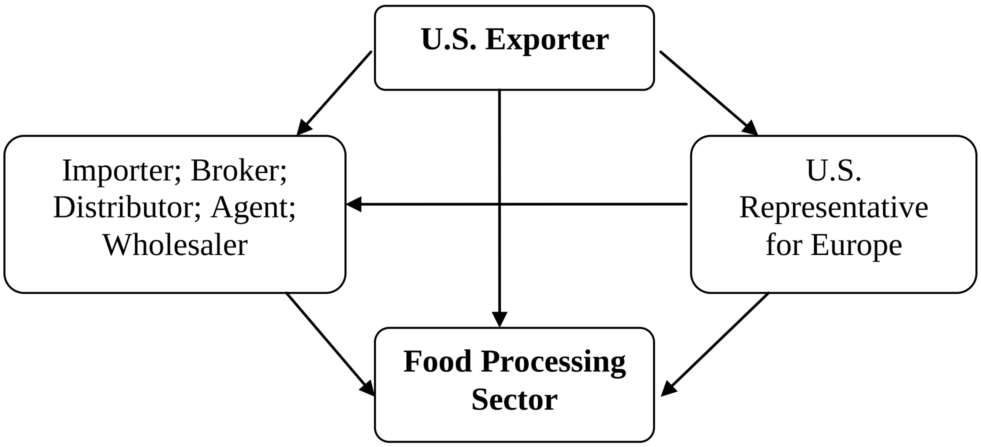
Food Processing Sector

The Spanish food processing sector modernized and expanded significantly over the last couple of decades. With integration into the European Union in 1986, Spain's food processing sector began a profound modernization in order to adapt to new EU requirements. Spain now has some of the most competitive food processing industries in Europe, which makes this sector an important target for U.S. food ingredient exporters.

The food processing sector in Spain is modern, paying special attention to the quality, safety, and traceability of the food products it produces. This sector generates 14 percent of Spain's total industrial sales while accounting for 7.6 percent of the national gross domestic product. The food processing sector is the first industrial sector of the Spanish economy and the fifth in Europe. This sector provides 439,675 jobs, representing 20 percent of the total industrial workforce. The food industry in Spain comprises mostly of small companies— in 2012, 96.2 percent of the almost 30,000 food processors were small or medium-size companies, employing 50 people or less. The industry as a whole produced an estimated \$112 billion in product in 2012, resulting in a positive trade balance of \$3.93 billion.

The export sector is providing some positive news to the Spanish economy. Exports from the agri-food sector are keeping the positive trend seen at the end of 2012. According to the data published by the Ministry of Agriculture, Food and Environmental Affairs in the foreign trade report on the agri-food sector, exports during the first half of this year have grown by 3%, thus improving the trade balance by 20 percent when compared with the first half of 2012. This positive trend provides opportunities for U.S. exporters as the demand for commodities, food ingredients and consumer oriented products to be further processed increases in order to satisfy foreign demand.

Market Structure



For more information on the Spanish food processing sector, please consult the food processing sector report for Spain at FAS GAIN Home.

SECTION IV. BEST HIGH-VALUE PRODUCT PROSPECTS

Products Present in the Spanish Market with Good Sales Potential

HS Code	Product Category	2012 Spanish	5-Year Average	Key Constraints	Attraction for U.S. Exporters

		Imports ($ Million)	Import Growth (% Volume)		
0303	Frozen Fish	$814	-0.2%	Heavy competition from third countries, other EU Member States and domestic suppliers. Spanish bad economic situation.	Good reputation and reliability of U.S. producers. High per capita consumption of fish.
0304	Fish Fillets and Other Fish Meat (Minced, Fresh, Chilled or Frozen)	$722	-0.9%	Heavy competition from other EU Member States and domestic suppliers. Bad economic situation.	Good reputation and reliability of U.S. producers. High per capita consumption of fish. Despite the total negative growth figure, imports from the United States have increased in the last 5 years (average growth for the USA was 11 percent).
080212	Almonds	$296	3%	Aflatoxin issues. Spanish economic situation. Competition from third countries.	Domestic consumption of tree nuts is increasing due to their utilization in the processing industry and re-exported. U.S. exports of almonds to Spain continued to recover in 2012.
080231 080232	Walnuts	$146	-1%	Competition from other EU countries.	U.S. walnuts, both shelled and in-shell are making inroads in Spain due to increased awareness of the health benefits of tree nuts. Despite the negative 5-year growth in quantity, the average 5-year growth in value is 10 percent.
080250	Pistachios	$68	-9%	Competition from Iran and EU importers, such as Germany, who re-export this product to Spain.	Domestic consumption of tree nuts continues to increase. U.S. pistachios have a higher quality image than Iranian, the major competitor. Despite the total negative growth figure, imports from the U.S. have increased in the last 5 years (average growth for the U.S. was 19 percent).

0713	Pulses	$282	11%	Strong competition from Argentina, who largely increased their presence in recent years, and Canada, a traditional supplier to Spain.	Spain is a traditional consumer of pulses and its local production is not sufficient to fulfill internal demand. Total and U.S. imports continue to rise after significantly decreasing in 2009.
2208	Distilled Spirits	$1,183	-4%	Difference in legal format of alcohol containers; exporters need to adapt to EU size. (70 cl in the EU as opposed to 75 cl in the USA).	Increasing interest in U.S. distilled drinks. Despite the total negative growth figure, imports from the United States have increased in the last 5 years (average growth was 20 percent).

SECTION V. KEY CONTACTS AND ADDITIONAL INFORMATION

If you have any questions or comments regarding this report or need assistance in exporting to Spain, please contact the Office of Agricultural Affairs in Madrid:

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Website: http://madrid.usembassy.gov/about-us/fas.html
Email: AgMadrid@fas.usda.gov

Please consult our home page for more information on exporting U.S. food products to Spain. Importer lists are also available from our office to exporters of U.S. food products. A list of trade associations and useful government agencies is provided below:

Spanish Trade Associations

FIAB - Federación de Industrias de Alimentación y Bebidas
(Spanish Federation of Food and Beverage Industries)
Website: www.fiab.es
Email: fiab@fiab.es

FEHR – Federación Española de Hostelería
(Spanish Federation for HRI Sector)
Website: www.fehr.es
Email: fehr@fehr.es

ASEDAS – Asociación Española de Distribuidores, Autoservicios y Supermercados
(Spanish Association for Distributors and Supermarkets)
Website: www.asedas.org
Email: info@asedas.org

ANGED – Asociación Nacional de Grandes y Medianas Empresas de Distribución
(National Association of Midsize and Large Distributors)
Website: www.anged.es
Email: anged@anged.es

Spanish Government Agencies

Ministerio de Sanidad, Servicios Sociales e Igualdad
(Ministry of Health, Social Services and Equality)
(Responsible for: Imported Foodstuffs, Contaminants and Compound Residues, Health Certification, Port Inspection and EU Alerts)

Website: http://www.msc.es/profesionales/saludPublica/sanidadExterior/home.htm
Email: saniext@msssi.es

Agencia Española de Seguridad Alimentaria y Nutrición (AESAN)
(Spanish Food Safety and Nutrition Agency)
Website: www.aesan.msssi.gob.es
Email: http://www.aesan.msssi.gob.es/SIAC-WEB/contacto.do?reqCode=newSearch

Ministerio de Agricultura, Alimentación y Medio Ambiente
(Ministry of Agriculture, Food, and Environment)
Website: www.magrama.gob.es
Email: informac@magrama.es

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service home page at www.fas.usda.gov

APPENDIX I. STATISTICS

A. Spain's Key Trade and Demographic Information

Agricultural Imports From All Countries ($Mil) / U.S. Market Share (%) 2013 [1] *	**$29,800/5%**
Consumer Oriented Agricultural Imports From All Countries($Mil)/U.S. Market Share (%) 2012 [1] *	**$14,000/5%**
Edible Fishery Imports From All Countries ($Mil) / U.S. Market Share (%) [1] -*	**$6,100/2%**
Total Population (Millions) / Annual Growth Rate (%) **- 2013**	**46.7/-0.1%**
Number of Major Metropolitan Areas (over 800,000 population)	**7**

Per Capita Gross Domestic Product 2012*	**$31,100**
Unemployment Rate (%) – August 2013	**26.2%**
Per Capita Food Expenditures - 2012	**$1,882**
Exchange Rate (US$1 = 1 Euro) – Average Jan-Sept 2013	**€0.76**

(1) Source: Global Trade Atlas (GTA)
*Estimate

B. Spain's Food Imports (US $ Millions)

Commodity	Total Imports Worldwide			Imports from the U.S.			U.S Market Share %		
	2011	2012	2013*	2011	2012	2013*	2011	2012	2013*
CONSUMER-ORIENTED	15,234	13,966	14,000	477	476	600	3	3	4
Snack Foods (Excluding Nuts)	987	923	1,000	1	1	1	0	0	0
Breakfast Cereals and	221	202	200	0	2		0	1	0

Pancake Mix						1			
Red Meats Fresh/Chilled/Frozen	1,183	1,060	1,000	11	5	4	1	0	0
Red Meats Prepared/Preserved	431	393	390	0	0	0	0	0	0
Poultry Meat	387	346	400	2	1	1	1	0	0
Dairy Products (Excluding Cheese)	1,500	1,374	1,500	5	9	12	0	1	1
Cheese	1,206	1,076	1,100	1	1	1	0	0	0
Eggs & Products	88	102	95	1	2	2	1	2	2
Fresh Fruit	1,282	1,195	1,400	2	2	2	0	0	0
Fresh Vegetables	701	597	690	2	2	2	0	0	0
Processed Fruit and Vegetables	1,401	1,300	1,300	13	10	20	1	1	1
Fruit and Vegetable Juices	315	275	300	1	1	1	0	0	0
Tree Nuts	660	639	700	414	416	450	63	65	64
Wine and Beer	554	548	550	1	2	2	0	0	0
Nursery Products & Cut Flowers	241	208	200	3	5	5	1	2	2
Pet Foods (Dog and Cat Food)	247	229	250	0	1	1	0	0	0
Other Consumer-Oriented Products	3,832	3,500	3,700	19	17	20	0	0	1
FISH & SEAFOOD PRODUCTS	7,190	6,156	6,100	138	137	136	2	2	2
Salmon	271	208	250	5	0	0	2	0	0
Crustaceans	1,786	1,361	1,300	55	49	45	3	4	3
Groundfish and Flatfish	571	547	480	7	3	1	1	1	0
Molluscs	1,591	1,316	1,050	15	9	5	1	1	0
Other Fishery Products	2,970	2,725	2,800	56	77	65	2	3	2
AGRICULTURAL PRODUCTS TOTAL	31,166	29,510	29,800	1,186	1,266	1,350	4	4	5
AGRICULTURAL FISH & FORESTRY TOTAL	40,076	36,998	37,000	1,400	1,461	1,500	3	4	4

Source: GTA

*Estimate

C. Spain's Top 15 Food Import Suppliers

	SPANISH IMPORTS OF

SPANISH IMPORTS OF CONSUMER-ORIENTED AGRIC. PRODUCTS (US$ 1,000)			
	2011	2012	2013*
France	3,637,454	3,339,275	3,500,000
Germany	2,022,515	1,835,449	1,800,000
Netherlands	1,679,396	1,493,823	1,600,000
Italy	1,125,948	1,024,809	1,000,000
Portugal	900,099	874,783	850,000
Belgium	782,902	659,901	700,000
Ireland	719,834	618,342	600,000
USA	411,709	426,746	500,000
UK	463,436	418,049	400,000
Denmark	371,531	325,056	350,000
Peru	306,491	276,560	275,000
Brazil	254,341	247,467	300,000
Poland	212,034	230,083	240,000
Morocco	239,532	220,861	280,000
Austria	205,985	194,228	200,000
Other	1,901,179	1,780,722	1,405,000
World	15,234,386	13,966,154	14,000,000

Source: GTA

* Estimates

FISH AND SEAFOOD PRODUCTS (US$ 1,000)			
	2011	2012	2013*
Morocco	600,024	484,020	480,000
Ecuador	389,484	420,809	460,000
Argentina	484,669	405,877	450,000
France	375,314	362,739	400,000
China	448,269	342,550	315,000
Portugal	370,082	314,149	280,000
Netherlands	363,109	289,296	290,000
UK	322,324	250,062	210,000
Namibia	252,848	233,511	210,000
India	194,127	198,170	150,000
Chile	225,427	170,046	190,000
Denmark	232,698	166,499	180,000
Sweden	193,769	151,497	160,000
Falkland Islands	144,357	151,190	100,000
Peru	149,292	135,199	130,000
Other	2,444,654	2,080,819	1,995,000
World	7,190,447	6,156,433	6,000,000